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The Director of Central Intelligence

Washington, D.C. 20505

Resource Management Staff

DCI/IC 78-1199
18 October 1978

MEMORANDUM FOR: Mr. Frederick P. Hitz
Legislative Counsel

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FROM: [REDACTED]
Acting Director, Policy Guidance Office

SUBJECT: Input to the DCI's Annual Report [REDACTED]

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1. [REDACTED] Preparation of the DCI's Annual Report for calendar year 1978, due to the President and the Congress by 25 January 1979, is now under way. The DCI has approved a concept for this year's Annual Report which is more selective than last year's, both because this seems more appropriate to a 1978 characterized by attention to key intelligence issues rather than the comprehensive report approach used for 1977 as a year of extensive community restructuring, and also to limit length for a busy reader to a manageable 30-40 pages (last year's ran 80 plus). The DCI has also approved an outline for this year's report (Attachment 1). Part I is designed to allow the DCI to highlight the particular characteristics and emphases of 1978 in intelligence; Part II is intended to air several issues of great importance to him, his key Executive users, and the Congress. The Annual Report will carry a high classification and receive extremely limited distribution.

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2. [REDACTED] You are, of course, well aware of the six topics of special interest to the HPSCI in connection with this year's Annual Report cited in Chairman Boland's 15 September 1978 letter to the DCI on the Annual Report generally. Your office is working separately on #4, agreements on cooperation between US intelligence organizations and foreign governments. To recapitulate how the others are being staffed out: SA/DCI/CI has been asked to organize a community response to #2, foreign intelligence activities against US intelligence and corrective action; RMS/CLLO will prepare the list of NFIP related studies requested in #3; the General Counsel's office has been asked to organize a response to #5, reports raising questions of legality; the DCI Security Committee has been asked to staff out #6, unauthorized disclosures of classified information and steps taken. Your office has received a copy of each of these tasking memoranda. That leaves the first topic, specific recommendations for legislation or appropriations to correct problem areas identified in the report. Should the DCI choose to take advantage of this invitation, it would probably be more appropriate for him to do it in a covering letter to the Congress' copies rather than in the text of the Annual Report itself. We in RMS will consider the appropriations side of this question. With respect to the legislation aspect of this question, are any recommendations for legislation now under consideration (e.g., in connection with our various problems in controlling unauthorized disclosure of classified data)?

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3. Your help is additionally solicited on the section of the Annual Report outline on Intelligence and the Congress (I.C.). We welcome your own sense of what the DCI should say on this topic, but structure the following breakdown as a point of departure:

a. Characterize briefly the major concerns, activities and "style" of the SSCI and the HPSCI in 1978. How, in general, has the start-up of the HPSCI gone? To the degree that the two Committees' approaches differ, how is the intelligence community attempting to keep its dealings with each synchronized to whatever degree may be desirable? Should the DCI say anything about the SSCI's and HPSCI's different approaches and emphases in this year's Annual Report?

b. What is the status of new intelligence charter legislation? What should the DCI say about charter legislation in this year's Annual Report?

c. Characterize important aspects of relations with other congressional committees during 1978, particularly dialogue over the NFIP and budget.

d. Recap briefly any legislation with provisions affecting intelligence passed by the 95th Congress, including efforts made to shape such so as to avoid unduly adverse impact on intelligence activities.

e. Recap briefly important legislation affecting intelligence held over and likely to come up again in the 96th Congress.

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4. is responsible for producing this year's DCI Annual Report. Please identify a principal point of contact for her to work with. We shall need your overview comments by COB 6 November, in order to accomplish integrated drafting of the entire Annual Report in November, review in December, and DCI clearance and production in January.

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Attachments:

1. DCI Revised Outline - AR for 1978
2. DCI Letter to NFIB principals requesting help on Annual Report
3. Boland letter to DCI (15 Sep w/att & DCI interim reply)

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Distribution: DCI/ICS 78-1199
Original & 1 - LC w/atts
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25X1 DCI/RMS/PGO (18 October 1978)

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6 October 1978

DCI REVISED OUTLINE - ANNUAL REPORT FOR 1978

I. 1978 in Intelligence

- A. Execution of the E.O. and Other Organizational Questions
 - 1. evolution of the PRC(I); work on user priorities
 - 2. resources: experience in use of DCI's budget authority
 - 3. production
 - a. NFAC's first full year
 - b. DIA
 - c. INR
 - d. DCI substantive committees (EIC, JAEIC, STIC, WSSIC)
 - 4. collection
 - a. status of NITC
 - b. 3 DCI collection committees
 - 5. other management
 - a. DDCI
 - b. NFIB: shifting membership/concerns
 - 6. I&W
- B. New or Altered Emphases in Analysis
 - 1. strategic balance: new developments & experience in communicating them
 - 2. proliferating support for arms limitation talks
 - 3. emergence of China as an active world player
 - 4. world petroleum supply

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5. substantive support for crises--e.g., Ogaden, Shaba II
(Afghanistan?)

C. Intelligence and the Congress

1. activities in support of both oversight committees
2. activities in support of other committees
3. charter legislation

D. Legal and Propriety Issues

E. Security and Counterintelligence Issues

1. Espionage
 - a. Kampiles
 - b. "moles," etc.
 - c. counterintelligence initiatives

2. Leaks

- a. Authors
- b. Others
- c. Remedies?

3. Other security measures; e.g., implementation of new
industrial security measures

4. New directions in foreign counterintelligence program

1. role of new DCI CI coordinator
2. PRC (CI)

F. Covert Action - emphasis on mission and programs

G. Intelligence and the public - new emphases

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H. Major Accomplishments 1978

- a.
- b.
- c.
- d.

II. KEY ISSUES (lead into with NFIP graphics)

The early 1980s budget bow wave and trade-off issues on technical sensors

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optical [redacted] upgrade competition: issues, outcome, rationale;

COMINT/ELINT upgrade needs, appropriate packages

HF modernization

Quality of Analysis and Policy Support

including progress on improving interdisciplinary analysis

collection/production: an appropriate budget balance?

Community ADP

National/Tactical Interface Issues

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